



# **Doing Business in Tunisia: 2008 Country Commercial Guide for U.S. Companies**

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## Chapter 1: Doing Business In Tunisia

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### Market Overview

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- Tunisia is a small and politically stable country on the North African coast. It has the most diversified economy in the region. With a population of slightly over 10 million, it has one of the highest standards of living on the continent. The country does not have vast reserves of hydrocarbons like its neighbors Algeria and Libya, but has prospered under long-standing government policies to develop manufacturing, tourism, and agriculture. At the same time, social programs limit population growth, provide a high standard of education, and ensure a relatively decent standard of living for all. The 74.3% national literacy rate is one of the highest in the Middle East, and the 2006 average annual income per capita reached \$2,800. The International Monetary Fund projected that the 2007 per capita Purchasing Power Parity (PPP) was \$9,630.
- The Tunisian economy, which has maintained a steady average annual growth rate of about 4.5% between 2002 and 2006, grew by 6.3% in 2007. Government of Tunisia (GOT) planners predict GDP will grow at an annual average rate of 6.1% over the coming five years. The average inflation rate over the first eleven months of 2007 reached 3%. Hard currency reserves reached \$7.972 Million (9.566 Million TD) in December 2007, the equivalent of 145 days of imports.
- Manufacturing industries, producing largely for export, are the motor of Tunisia's economic growth and a major source of foreign currency revenue, accounting for about 77% of exports. Labor-intensive plants, historically producing textiles and, more recently, automobile components, create much-needed jobs. Textiles have long been the primary source of foreign currency revenue and the sector has recovered after a temporary setback due to increased global competition. The GOT export promotion center CEPEX (Centre de Promotion des Exportations) is responsible for identifying new export markets in all sectors.
- Tourism as well as mechanical and electrical equipment sales are the next largest sources of foreign currency revenue. About 6.7 million tourists visited Tunisia in 2007 bringing in nearly \$2.5 billion in convertible currency.

- Agriculture also plays a major role in Tunisia and employs approximately one-fifth of the population. Agriculture accounts for nearly 12% of GDP and comprises about 6% of exports. In 2007, Tunisia exported nearly \$969 million of agricultural products, mainly olive oil, seafood, dates and citrus.
- The government still retains control over certain "strategic" sectors of the economy (finance, hydrocarbons, the national airline, electricity and gas distribution, telecommunications, and water resources), but the role of the private sector is increasing. The Government of Tunisia is currently studying the economic impact of liberalization of petroleum product price controls. Most of Tunisia's electricity is produced from natural gas. Demand is growing 4-5% each year and will reach about 22 billion KWH by 2020. The GOT plans to produce 900 MW of nuclear power by 2020. Tunisia has signed the Treaty on the Non-Proliferation of Nuclear Weapons and a Comprehensive Safeguards Agreement with the International Atomic Energy Agency (IAEA).
- Accessing the Tunisian market can be a challenge for US companies. Geographically part of Africa but culturally more Mediterranean or Middle Eastern, this former French protectorate has extremely close ties with Europe. These have been reinforced by Tunisia's Association Agreement with the European Union (EU), which created a free trade zone for many products in January 2008. Over 70% of Tunisia's foreign trade is with Europe. Tunisia's other major trading partner is Libya. In 2007, total Tunisian imports were \$20.4 billion and exports totaled \$15.6 billion.
- Tunisia is a founding member of the World Trade Organization (WTO) and is publicly committed to a free trade regime and export-led growth. The government would like to expand trade and investment ties beyond Europe, but the European presence in the economy remains strong. The EU Association Agreement is backed by significant European funding to support the Tunisian economy through the transition period to an open market. Over 3600 Tunisian companies have taken part in the program so far. Tunisia's Association Agreement with the EU bars non-EU countries from certain major tenders receiving EU financing.
- Tunisia is a member of the Arab Maghreb Union (UMA - Union du Maghreb Arabe), a political-economic grouping of Tunisia, Algeria, Morocco, Mauritania, and Libya. It is also a signatory to several bilateral and multilateral trade agreements, including the Agadir Agreement. This agreement, a framework for a free trade area with Egypt, Jordan, and Morocco, will create a potential market of over 100 million people. Tunisia's commercial ties with the United Arab Emirates (UAE) have taken a leap forward since 2006 with the announcement of plans by several Dubai-based companies to invest some \$20 billion in real estate, tourism, and commerce in Tunisia over the next few years. Tunisia regularly attracts about \$750 million in FDI annually, two thirds of which comes from Europe. However, in 2006, FDI flow rose to \$3.522 billion (of

which \$2.377 billion came from the 35% participation of Tecom Dig in Tunisie Telecom), making the UAE contribution around 68% of total FDI.

- In order to assist US companies in gaining access to the Tunisian market, the United States signed a Trade and Investment Framework Agreement (TIFA) in October 2002 to formally discuss bilateral trade and investment issues. Follow-on TIFA Councils were held in October 2003 and June 2005. Another TIFA Council is scheduled for March 2008.
- The United States is not a major goods supplier to Tunisia. US Department of Commerce trade statistics for the first eleven months of 2007 show Tunisian imports from United States at \$343.5 million and Tunisian exports to the United States at \$382.9 million.
- For many years the United States was the fourth leading goods supplier, after France, Italy and Germany, but it dropped to 7th position in 2006. US exports to Tunisia remain steady at approximately \$300-\$400 million annually.
- Although initial US investment in Tunisia was primarily in the hydrocarbons sector, US companies now successfully invest in offshore manufacturing industries and are present in both textile production and electrical/mechanical equipment manufacturing. Offshore companies can be established under an attractive regime that offers significant tax incentives to export-oriented investors. In the tourism industry, only five of Tunisia's 800+ hotels are affiliated with US groups. Currently, total US investment in Tunisia is estimated at about \$740 million and has contributed to the creation of more than 18,000 jobs.

## Market Challenges

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- Doing business in Tunisia can be challenging for US companies, who may perceive the Tunisian bureaucracy as cumbersome and slow and may find that the regulatory environment lacks coherence and consistency. The decision-making process can be opaque and at odds with the government's official pro-business stance, which proclaims transparency. However, with adequate planning and longer lead times, favorable results can be obtained.
- Imports from the EU enjoy a considerable price advantage over other countries' products as many EU products are now totally exempt from import duties. US products generally enjoy widespread acceptance among consumers, although their perceived edge in quality and technology can be offset by the additional costs associated with their distribution by European intermediaries and the recent depreciation of the Tunisian Dinar against the Euro.
- The EU and many European countries offer excellent financing terms for trade. Tunisian companies are familiar with these opportunities but are

generally unfamiliar with financing opportunities available when purchasing US goods. The US Embassy in Tunis works closely with the Ex-Im Bank, OPIC and other US organizations to promote awareness of US financing sources.

- Despite difficulties, US firms often successfully compete against better-established European companies and have won significant Tunisian government contracts, especially in fields demanding cutting-edge US technology. The US Embassy in Tunis actively promotes these sectors as being the most attractive for US companies.
- US exporters to Tunisia should be aware that Tunisian law prohibits the export of currency as payment for imports before documents are presented to the bank confirming that the merchandise has entered the country. This is usually in the form of Tunisian customs authority documents. US exporters have used confirmed, irrevocable letters of credit and letters of credit authorizing "payment against documents" in past transactions.
- US companies should also be extremely careful to verify with Tunisia's Central Bank (Banque Centrale de Tunisie) whether they are permitted to receive payment in foreign currency for services to customers resident in Tunisia. This issue has been the source of confusion and occasional difficulty for some US companies in Tunisia.

## **Market Opportunities**

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- For US companies, the best investment opportunities are in sectors that will benefit from US technology (hydrocarbons, power generation, transportation, and telecommunications) or to a lesser extent, in the more labor-intensive offshore, export-oriented industries such as the manufacture of textiles and mechanical or electrical equipment.
- Due to its moderate Mediterranean climate, Tunisia has a developing tourism industry, but niche travel is under-developed in areas away from the coasts. Investment possibilities in hotels include cultural or historical tours, golf packages, and desert tours.
- Agricultural opportunities for US producers remain bulk commodities, such as wheat, corn and some intermediate products such as soybean meal and planting seeds. The US market share, currently hovering around 10% of overall agricultural imports, has room for growth despite a price competitiveness gap with the EU caused by substantially higher freight costs and preferential access granted to the EU.
- There is a sizable market for agricultural equipment in Tunisia. A government decision to privatize grain storage has created demand for grain silos and elevators. These represent good opportunities for US suppliers.

- There is a significant market for US medical equipment in Tunisia. The government decision to upgrade hospitals and the increase in the number of private clinics has created a large demand for medical equipment.

## **Market Entry Strategy**

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- A company planning to invest in offshore or export-oriented operations in Tunisia faces few obstacles. The Government of Tunisia's investment promotion authority has established a generous package of incentives for such operations.
- Entering the domestic market, particularly in the services sector, is more difficult. Unless the company is working on a project actively solicited by the Tunisian government or is closely associated with one of the country's well-connected business groups, the process can be fraught with obstacles. Currently, a new law regulating the services sector is being drafted. This law will regulate distribution channels and establish a framework for commercial franchising.
- US companies are strongly advised to obtain written confirmation from the Tunisian authorities of any exceptional conditions granted to a particular trade or investment operation.
- The US Embassy strongly encourages all US companies to visit Tunisia prior to entering into a business relationship with a local partner.

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

[www.state.gov/r/pa/ei/bgn/5439.htm](http://www.state.gov/r/pa/ei/bgn/5439.htm)

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### Using an Agent or Distributor

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Good local agents/distributors are crucial to introducing products into Tunisia. Their knowledge of the local market and local contacts can make the difference between success and failure. The Embassy's Commercial Section provides both the US Department of Commerce's International Company Profile (ICP) and the International Partner Search (IPS) services to assist US firms in finding potential partners.

Many Tunisian businesses are family-owned or controlled. While they might welcome foreign investment in distributing or marketing ventures, they can be resistant to the idea of ceding any management control of existing enterprises to outsiders. Distribution or marketing contracts should be very specific about financial obligations and performance measurements. US firms should also consider establishing contracts to cover a probationary period for the prospective partner.

- Tunisian law generally favors the party seeking to maintain a commercial contract. This makes it difficult for foreign firms to change distributors or agents after entering into a contractual relationship.
- Tunisian commercial legislation contains provisions designed to protect minority shareholder interests, which can result in disproportionate influence given to Tunisian minority partners.
- US companies should note that, with few exceptions, exclusive distribution contracts in Tunisia are forbidden by law.



## **Establishing an Office**

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Establishing or, more accurately, registering an office of a foreign company in Tunisia is relatively simple. The Foreign Investment Promotion Agency (FIPA) offers a "one stop shop" service to investors seeking to establish a business in Tunisia. Generally, it takes about two weeks to complete the process. Companies should obtain the advice of a local lawyer before starting the process. The Embassy maintains a list of reputable English-speaking attorneys.

- Establishing a company is only the initial step toward commencing operations in the Tunisian market, and firms may need to complete a wide range of regulatory, licensing and logistical procedures before introducing their products or services to the market. This can be a long process, but the active involvement of FIPA can speed it up considerably.

FIPA's simplified procedures are not applicable to all commercial activities. The following activities require prior approval from relevant government agencies: fisheries; tourism; transportation; communications; education and training; publishing and advertising; film production; health; real estate development; weapons and ammunition; machine-made carpets; waste treatment and recycling; manufacture of wine, tobacco, and edible oils.

## **Franchising**

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The Tunisian government is drafting new legislation to regulate the services sector. The new law, which is scheduled to be passed by the parliament and adopted by mid 2008, will cover important issues like domestic distribution channels and commercial franchise arrangements. Until this services legislation becomes law, it is prudent to remember that in the past the Tunisian government has opposed traditional franchising. Once adopted the new services law will open up opportunities for US franchises in Tunisia.

## **Direct Marketing**

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Direct marketing is still in its infancy. Tunisian business is largely dependent upon personal relationships. Customers increasingly expect access to after-sales service and are sometimes reluctant to purchase new products, technologies, or brand names in the absence of a local representative.

- Direct marketing is currently not an optimal way to introduce new products to Tunisia.

## **Joint Ventures/Licensing**

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US companies should be rigorous when selecting a partner, and the Embassy strongly recommends that US firms retain management control of any joint venture company. Joint venture agreements should also clearly establish a binding dispute settlement procedure (such as referring cases to the International Court for Arbitration) acceptable to both parties. Licensing agreements have also

worked well, but may require periodic visits to ensure adherence to quality control and other standards.

- There are several examples of very successful US/Tunisian joint ventures, but due diligence prior to considering a joint venture is essential.

## **Selling to the Government**

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The Tunisian government makes the majority of its purchases from foreign suppliers through public international tenders. These tenders are published widely in the local media; the larger tenders are also sometimes disseminated in selected foreign media. The Embassy's Commercial Section reports best prospects to the US Department of Commerce, which in turn informs prospective US suppliers. Tunisian legislation permits granting of certain contracts without recourse to public tender. Tunisia's Association Agreement with the EU bars non-EU companies from certain major tenders receiving EU financing. Tunisian government agencies tend to adhere to tender regulations and specifications.

US bidders should not assume that potential customers are looking to the bidders to design solutions to a given problem. Tunisian government agencies typically arrive at desired solutions through pre-tender studies and then solicit specific equipment or services.

Bids that do not meet tender specifications even if technically superior to the solicited proposal will usually be disqualified. US bidders interested in submitting proposals at variance with the tender specifications should do so only as a clearly identified alternative to their principal, fully conforming bid. They should further ensure that submission of an alternative bid does not disqualify the main offer.

The Government has a reputation for lengthy negotiations, and US firms are advised to allow for this in their initial bid. Performance bonds of between 1% and 10% are common on government contracts. The government will generally adhere as strictly to the specifications of the contract as it does to the tender specifications, and it will expect similar adherence from the contractor. Major contracts require review by the Commission Supérieure des Marchés, a quasi-independent contracting oversight office that reports to the Prime Minister. Some major contracts may also require approval by the Chamber of Deputies, which is normally in session from November to June.

US firms should be aware that many factors influence the Government's evaluation of bids, including:

- Contribution to the local economy via investment in, or partnership with a Tunisian entity.
- Transfer of skills or technology.

- Creation of employment (unlike the labor saving emphasis of the US market).
- Long-term financial impact (cost, financing packages, impact on the balance of trade).

While US bids have typically been very competitive on price and technology, European firms usually benefit from stronger financing packages and links to the local economy. Both US and European companies are disadvantaged by generous financing programs offered by countries such as China which are not bound by OECD regulations.

- There have been clear examples of a lack of transparency in the decision-making process. However, they have not been specifically aimed at US companies.

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Tunisian law does not allow wholesale or retail marketing by foreign businesses. The Tunisian government restricts domestic market distribution to Tunisian nationals and every joint venture with a foreign investor is considered an exception subject to a license dependent on the advantages of the project to the Tunisian economy. This process allowed the opening of several hypermarkets, set up under joint ventures, with France's Carrefour and Casino groups. New legislation, designed to protect smaller businesses from such competition, aims to limit the number of hypermarkets authorized in a specific area.

Goods distribution in Tunisia is well organized. Goods typically enter Tunisia via one of the country's major sea ports (Tunis, Sousse, Sfax, and Bizerte) or the major freight center at Tunis Carthage Airport, which handles 97% of the country's air freight traffic. There are good road and rail networks nationwide for distribution to all parts of the country.

## **Selling Factors/Techniques**

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Although the official language is Arabic, French is widely spoken, especially in business. Many Tunisians also speak English, Italian and/or German.

- Business documentation should be in French.
- Fax remains the favored means of business communication.

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Tunisia lags behind in the widespread use of e-commerce. Credit card operations and accounts have only recently appeared. However, Tunisian credit cards are **not** convertible to hard currency. Thus they cannot be used for purchases made on foreign commercial internet sites. Debit cards can be used

for domestic Internet payment for some services, including public utilities and university registration. The Tunisian postal service operates an electronic payment system called e-dinar. Customers establish an account and replenish it by purchasing credit at a post office. Many public services in Tunisia can be paid for using e-dinars.

- Tunisian bank customers use cash, debit cards or checks to make payment in stores, restaurants or for public services. As of September 2007, 1.213 million debit cards are in circulation.

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Many Tunisian companies are only now beginning to exploit advertising and trade promotion techniques. Although the sector is developing rapidly (8% growth from 2006 to 2007), it remains small, with total investment in advertising in 2007 estimated at only \$86 million (according to a January 2008 "Sigma Conseil" survey). There are a number of different marketing/advertising opportunities, including sporting event sponsorship, industry-specific trade fairs, direct mail, outdoor/vehicle advertising, print media, and, to a lesser extent, electronic media. Company sponsorship of television programs, particularly locally-produced programs, is growing rapidly. The local print media in Tunisia generally accepts paid advertising. There are accepted standards for advertising. References to religion are generally not permitted. Local attorneys or marketing specialists can advise foreigners on the acceptability of various aspects of a promotional campaign.

For marketing purposes, urban society in Tunisia is probably best described as similar to and heavily influenced by European standards. The state-run Tunisian broadcasting authority, ERTT, broadcasts two Arabic-language TV channels and transmits programs from Italy's Rai Uno. Satellite television is widely watched, and Tunisians closely follow Arabic satellite channels such as al-Jazeera. Mosaïque, a private Tunisian radio station was launched in 2003, followed by a private television station, Hannibal, in 2004, and El Jawhara, another private radio station, in 2005. In February 2007, another private TV station, Nessma, was launched.

Foreign commercial television advertising is accepted, but under standards applied even more strictly than for print media. The cost is the same for foreign or local-origin goods for advertising in: newspapers (private or public), websites, private radio stations and private TV channels. However, ERTT costs are 250% higher for advertised foreign-origin goods if there is a direct national competitor for that product.

Legally, the dominant portion of any storefront sign must appear in Arabic, although French-language signs are also widely used. This legislation is enforced sporadically.

There are a large number of industry-specific trade shows, general exhibitions, and promotional events. Most major Tunisian cities boast at least one exhibition center; Tunis has three (Le Kram, CIFCO and Tunis Expo). A major multi-sector

fair, the Tunis International Fair, is held every two years at Le Kram, most recently in October 2006.

## **Pricing**

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Except for food items, many of which are subsidized local products or higher-priced regional imports, products on the local urban market are priced at levels roughly equivalent to major urban centers in the US.

- US durable goods (e.g., machine tools, generators) currently available on the Tunisian market tend to be significantly more expensive than European or Asian models. This cost differential is partly due to the duty-free import of EU products into Tunisia, but also because of the additional charges added on by European distributors of US goods whose licenses cover Tunisia.

In the past, possibly because of language or cultural differences, US suppliers of manufactured goods have been reluctant to deal directly with Tunisian distributors. However, the majority of local distributors have expressed a strong interest in eliminating the middleman – usually the European office that has responsibility for the regional market – in existing distributor relationships.

## **Sales Service/Customer Support**

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Tunisian consumers are becoming accustomed to after-sales service and have begun to expect a higher degree of customer support. Law number 92-117 from 1992 instituted measures to provide increased consumer protection. In addition, a Ministry of Commerce-designed standard sales contract details the requirements of retail or manufacturer guarantees. The model contract is included as an annex to a 1999 law requiring specific clauses in all guarantees of electronic and household equipment. In addition to providing technical instructions in Arabic and French or English and providing for verification of proper functioning and good condition of merchandise, this law includes a schedule of reimbursements to be made if faulty merchandise cannot be adequately repaired within 15 days of notification from the consumer. Application of this legislation is not uniform.

## **Protecting Your Intellectual Property**

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In line with international obligations and in order to attract foreign direct investment, Tunisia has passed extensive legislation to protect intellectual property and, especially in 2006, made considerable progress in the stricter application of these laws.

Tunisian law provides for copyright and trademark registration and protection. To obtain enforcement, US firms must register their trademarks and industrial designs with the Tunisian Institute for Standardization and Industrial Property (INNORPI - Institut National de la Normalisation et de la Propriété Industrielle). Recent US Government-supported initiatives, such as the US Department of

Commerce's Commercial Law Development Program and US Patent and Trademark Office seminars, have offered training to Tunisian decision makers in the field of IPR regulation enforcement. Although Tunisian legislation prohibits the disclosure of research and other proprietary information submitted during patent and marketing licensing application, US companies contend that these steps are insufficient to prevent the unauthorized use of such data. The US Government continues to advocate strengthening Tunisia's IPR enforcement.

## **Due Diligence**

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Market research firms, such as a representative office of Dun & Bradstreet International, are present in Tunisia, as well as public certified accountants affiliated with major international companies. These companies can supply limited credit information on a selective basis. However, it is often difficult to perform due diligence on banks, agents, and customers. Banks will not provide information on business clients without explicit permission from the clients themselves, and then will only provide limited details. Credit checks and reports are not readily available.

- US companies that require due diligence investigations are encouraged to contact the US Embassy in Tunis and inquire about its International Company Profile (ICP) service. The ICP service can provide extensive background information about a Tunisian company, including its capital, principals, foreign clients, market share, etc., but the financial details provided by the company's bank are usually vague and non-committal.

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Although the Embassy is not authorized to recommend any particular individual or company, it maintains a list of local attorneys, accountants and translators who have experience working with US companies and interests in Tunisia.

## **Web Resources**

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Tunisian Government	<a href="http://www.ministeres.tn">www.ministeres.tn</a>
Central Bank of Tunisia	<a href="http://www.bct.gov.tn">www.bct.gov.tn</a>
FIPA (Foreign Investment Promotion Agency)	<a href="http://www.investintunisia.com">www.investintunisia.com</a>
Tunisian Industrial Promotion Agency	<a href="http://www.tunisieindustrie.nat.tn">www.tunisieindustrie.nat.tn</a>
General Information about Tunisia	<a href="http://www.tunisie.com">www.tunisie.com</a>
Tunisian Yellow Pages	<a href="http://www.pagesjaunes.com.tn">www.pagesjaunes.com.tn</a>
CEPEX (Export Promotion Center)	<a href="http://www.cepex.nat.tn">www.cepex.nat.tn</a>
APBT (Association Professionnelle Tunisienne des Banques et des Institutions Financières – Tunisia Bankers' Association)	<a href="http://www.apbt.org.tn">www.apbt.org.tn</a>
UTICA (Union Tunisienne de l'Industrie du Commerce et de l'Artisanat - Tunisian Association of Industrialists and Traders)	<a href="http://www.utica.org.tn">www.utica.org.tn</a>
European Union (EU)	<a href="http://europa.eu.int">http://europa.eu.int</a>
IACE (Institut Arabe des Chefs d'Entreprise - Institute of Heads of Arab Companies)	<a href="http://www.iace.org.tn">www.iace.org.tn</a>
INNORPI (Institut National de la Normalisation et de la Propriété Industrielle - National Institute for Standardization and Industrial Property)	<a href="http://www.inorpi.ind.tn">www.inorpi.ind.tn</a>

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### **Agricultural Sector**



## **Telecommunications Equipments/Services**

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Tunisia fulfilled a major commitment under the WTO basic telecommunications agreement (which required market access and same national treatment for foreign telephone service providers by January 2003) when the sector was opened up to foreign competition for a private cellular network license. No US companies bid for the license, which was awarded to Orascom of Egypt and Kuwait's Wataniyya (whose share was since sold to Qatar Telecom) and marketed as Tunisiana. A Tunisian/Monegasque consortium (Planet Tunisie and Monaco Telecom), Divona, has been awarded the contract for operation of a Very Small Aperture Terminal (VSAT) license. Partial privatization of Tunisie Telecom, the state telecommunications agency, took place in early 2006 when 35% of its capital was sold to a Dubai-based consortium.

### **Best Prospects/Services**

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All sectors of the telecommunication industry are expanding rapidly, and there are excellent opportunities for US companies. In recent years, US firms have been successful in fields such as fiber optics and local loop systems.

### **Opportunities**

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Overall penetration rates for fixed and mobile phones have increased rapidly since 2001 reaching 95.32% in September 2007. The number of fixed lines is 1.2 million and total mobile lines reached 8.5 million (source: Tunisia's Ministry of Communication Technologies). Tunisia now has one of the highest mobile phone subscriber rates in Africa. Now that Tunisiana's rapid expansion, which covers 3.6 million subscribers, has reduced pressure on the GSM network operated by the national telecommunications agency, Tunisie Telecom, which has over 4.3 million subscribers, is turning its attention to promoting expansion of its land line telephone network. In August 2007, there were around 1.7 million Internet users in Tunisia, but only about 235,000 subscribers (source: Tunisia's Ministry of Communication Technologies).

The operation of call centers represents a new and rapidly expanding service industry in Tunisia. The country's infrastructure, coupled with excellent human capacity, supports this industry well. There are over 130 call centers in operation employing 11,000 persons. They serve primarily French-speaking clients, although some serve the Italian market and at least one, specialized in the health sector, operates in English serving the UK market.

Tunisia has been cautious on third generation (3-G) mobile phone technology, but Chinese telecommunications operator Huawei provided UMTS equipment for a trial of 3G services during the last UN World Summit on the Information

Society. Huawei bids aggressively on current telecommunications tenders and has been able to offer exceptional financing terms that US and European competitors are not able to match. Siemens, Alcatel and Ericsson are the major European competitors in the sector. A second Chinese company, ZTE, is also active in the market.

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Ministry of Communications Technology

[www.infocom.tn](http://www.infocom.tn)

ATI (Agence Tunisienne d'Internet - National Internet Agency)

[www.ati.tn](http://www.ati.tn)

Tunisian Postal Service

[www.poste.tn](http://www.poste.tn)

FIPA (Foreign Investment Promotion Agency)

[www.investintunisia.com](http://www.investintunisia.com)

Tunisian Industry (government site)

[www.tunisieindustrie.nat.tn](http://www.tunisieindustrie.nat.tn)

## Electrical Power Systems

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The Government of Tunisia has stated that it views independent power projects (IPPs) as the best way to meet Tunisia's annual 7% growth in electricity consumption. However, Societe Tunisienne d'Electricite et du Gaz (STEG), the state utility company which operated a monopoly for many years, continues to demonstrate some resistance to private investment in the sector. Tunisia's first IPP, a 470 Megawatt (MW) combined cycle electrical power plant, started operation in 2002 and currently produces the majority of the 22% total power production by private ventures. The US-led consortium, Carthage Power, which installed a \$260 million plant, was a joint venture between PSEG of New Jersey and a Japanese enterprise, Marubeni. The US stake of 60% was subsequently sold to BTU Ventures, a private equity and project development firm registered in Boston with shareholders from Qatar, Kuwait and Bahrain. General Electric has been particularly successful in marketing gas turbines in Tunisia for electricity production. A private US initiative to produce electricity from flared gas is also in operation. Societe d'Electricite d'El Bibane (SEEB) is a joint venture between US Caterpillar Power Ventures and the Canadian company Candax. SEEB successfully lobbied for a change in Tunisian legislation to permit the supply of privately produced electricity to STEG. It produces 27 MW for the national grid.

Natural gas supplies 98 percent of the fuel for Tunisia's electricity plants, which have total installed power of just over 2000 MW. Nearly half the gas comes from the off-shore Miskar field developed by British Gas.

### Best Prospects/Services

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STEG has a series of projects at various stages of development to meet an expected doubling in demand for electricity over the next 15 years. Following the 2006 construction of the 400 MW power plant in Ghannouch, partially financed by the Arab Economic and Social Development Fund, Tunisia's third IPP will be launched in 2012. This will be a joint Tunisian/Italian project for a 1200 MW plant at Haouaria, with 1000 MW exported to Italy. Italian companies will build the plant, which will use natural gas from Algeria supplied via a trans-continental pipeline transiting from Algeria, across Tunisia, and on to Italy. By 2016 STEG plans to launch a 400 MW combined cycle single shaft plant in the region of Bizerte. This will be followed by a 900 MW nuclear power plant which could be in production by 2020.

The use of wind and solar energy remains limited. STEG recently launched a tender (2006 E 425, September 2006) for a long-awaited project to produce 120 MWs of electricity from wind energy. STEG's three selected sites and the tender are currently contested by a US wind energy investment group that has made a major investment in wind energy research and data collection on the specified sites.

## Opportunities

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There are excellent opportunities for sales of US-origin power generation equipment in both GOT-operated and IPP electricity generation projects. The sector offers some of the largest and best opportunities both for equipment exports and, in the case of future Build-Own-Operate (B-O-O) or Build-Operate-Transfer (B-O-T) projects, investment in the Tunisian market. GE gas turbines are installed in many of Tunisia's electricity production units but there is strong competition from European competitors such as ABB (Switzerland), CGE (France), and Siemens (Germany).

Future trans-Maghreb projects include a plan to link the electricity distribution networks across North Africa, offering considerable opportunities for US suppliers of equipment and engineering services. Tunisia's national grid is already connected to Algeria's and work is ongoing to link it to the Libyan grid.

## Resources

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Ministry of Industry	<a href="http://www.tunisieindustrie.nat.tn">www.tunisieindustrie.nat.tn</a>
ETAP (Entreprise Tunisienne d'Activites Petrolieres Tunisian Enterprise for Petroleum Activities)	<a href="http://www.etap.com.tn">www.etap.com.tn</a>
STEG (Société Tunisienne de l'Electricité et du Gaz - state-owned Gas and Electricity company)	<a href="http://www.steg.com.tn">www.steg.com.tn</a>
FIPA (Foreign Investment Promotion Agency)	<a href="http://www.investintunisia.com">www.investintunisia.com</a>
Tunisian Industry (government site)	<a href="http://www.tunisieindustrie.nat.tn">www.tunisieindustrie.nat.tn</a>

## Aircraft/Airport Ground Support

### Overview

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Tunisair, the national airline (76% state ownership and 24% private ownership), currently operates 29 planes (18 Airbus and 11 Boeing). In December 2007, the company launched an international tender to replace its aging fleet over the next ten years.

The company is again performing satisfactorily after a difficult post-9/11 period. A rigorous reorganization was carried out and the financial situation has improved considerably. Staff levels have been cut and some non-core operations – onboard sales, plane maintenance and airport services - have been spun off as partially private ventures.

In addition to Tunisair, Tunisia has two privately-run airlines, Nouvelair and Karthago, which mainly work with European tour operators. There are plans to amalgamate these two companies, which would result in a joint fleet of 20 Airbuses. There are two other small airlines operating from Tunisia: Sevenair (former Tuninter), a subsidiary of Tunisair, operates internal and short distance flights; and Tunisavia, a private commercial fixed wing and helicopter operator, services desert and offshore petroleum installations.

### Opportunities

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The contract to build a new international airport at Enfidha was awarded to the Turkish Holding Tepe Akfen Ventisres (TAV) in March 2007. The cost of this B-O-T project for Tunisia's seventh international airport is estimated at \$560 million. TAV started works in July 2007 and the first phase is scheduled to be ready in October 2009 with an initial annual capacity of 7 million passengers (the final annual capacity is estimated to exceed 30 million passengers). The concession given to TAV to build and operate Enfidha airport and operate Monastir Airport is for 40 years. TAV plans to subcontract many parts of the project with local and foreign companies, which presents good opportunities for US businesses.

### Resources

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Tunisian Government (Ministère du Transport - Ministry of Transportation)

[www.ministeres.tn](http://www.ministeres.tn)

Tunisair (National airline)

[www.tunisair.com.tn](http://www.tunisair.com.tn)

OACA (Office de l'Aviation Civile et des Aéroports - Civil Aviation Agency)

[www.oaca.nat.tn](http://www.oaca.nat.tn)

FIPA (Foreign Investment Promotion Agency)

[www.investintunisia.com](http://www.investintunisia.com)

Tunisian Industry (government site)

[www.tunisieindustrie.nat.tn](http://www.tunisieindustrie.nat.tn)

## Automotive Parts/Services/Equipments

### Overview

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During the past two years, passenger cars produced by US manufacturers have begun to penetrate the Tunisian market. Due to notable decreases of high taxes (in January 2007, consumption tax rate decreased from 300% to 100%) on large-capacity engine vehicles, the Tunisian market presents growing potential for US automobile manufacturers.

### Best Prospects/Services

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Tunisian dealers are increasingly looking to represent US automobile manufacturers as the market presents potential niches. This will lead to an increased demand for US automotive parts and components.

### Opportunities

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As the Tunisian automobile market diversifies beyond European brands, there is room for US manufacturers and suppliers of spare parts. Both GM (operated in Tunisia under the GM, Chevrolet and German-made Opel brands) and Ford have successfully entered the automobile car market. GM has been assembling Isuzu trucks for several years at a plant in central Tunisia.

Investment in manufacturing automobile components for export is a priority sector for the Government of Tunisia (see Chapter 6, Investment Climate). Several US companies have successfully invested in this sector.

### Resources

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Tunisian Government (Ministry of Commerce)

<http://www.infocommerce.gov.tn/>

FIPA (Foreign Investment Promotion Agency)

[www.investintunisia.com](http://www.investintunisia.com)

Tunisian Industry (government site)

[www.tunisieindustrie.nat.tn](http://www.tunisieindustrie.nat.tn)

## Architecture/Construction/Engineering Services

### Overview

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There are no US construction companies currently active in Tunisia. Major opportunities in this sector will arise as work begins on a wide range of projects recently announced by Gulf investors. Gulf-based companies recently announced their plans to invest up to \$35 billion in Tunisia, mainly in construction in Tunis suburbs. These large investments include a \$14 billion project to develop the southern shore of the Lake of Tunis, a \$5 billion sports city to be built on the northern shore of the Lake, \$10 billion for a residential megaplex in Ariana, \$3 billion to develop the Tunis Financial Harbor, a \$1.9 billion tourism project near the planned international airport at Enfidha, and \$2 billion to build an oil refinery in Skhira.

### Opportunities

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Dubai Holding has plans to develop the southern shores of the Lake of Tunis, in a \$15 billion project which will cover 683 hectares and contain commercial and residential centers housing up to 120,000 inhabitants. Plans include a 105-story tower, a football stadium, and the renovation of the old port of Tunis into a marina. Work is scheduled to start in early 2008.

A \$5 billion sports city covering 250 hectares will be built on the northern shores of the Lake of Tunis by the Emirati Al Boukhatir group. Work is due to start at the end of 2007 and is expected to take five or six years. The project will include nine sports academies covering 36.5 hectares, golf courses, and a 125 hectare residential zone.

Dubai-based real estate group EMAAR has announced plans for a \$1.88 billion tourism project at Enfidha. It will cover 442 hectares and include 4,000 luxury residences, six hotels, a yacht club, a marina, and a golf course.

Major development is underway in the Enfidha region, which the GOT wants to develop as a central transportation hub for Tunisia. In addition to the new airport project, the government plans to create a deep-water B-O-T commercial port at Enfidha. The site for the \$1.4 billion port lies near the airport. Initial feasibility studies have been carried out and an international tender was launched in December 2007. Tunisia's highway and railroad systems serve the area, and a nearby 3,000 hectare industrial zone has already been developed for future investment.

Major road construction projects underway include a 70 km extension to the existing western toll highway taking it to Bou Salem, at a cost of \$385, million and the extension of the existing Tunis-Sousse highway to Sfax, Tunisia's second largest city. This section will be opened during 2008, and further construction will link it to Ras Jedir, on the Libyan border, by 2013. Studies have begun on a 60-km highway from Tunis to El Fahs, in the direction of Kairouan in Central Tunisia. Regional long-term highway construction prospects include an Arab Maghreb Union (UMA) project to complete a trans-Maghreb highway linking Nouakchott,

Mauritania to Cairo, Egypt via the Maghreb country capitals. The only portion of the trans-Tunisian highway for which plans have not yet been announced is the short stretch between Bou Salem and the Algerian border.

In addition to construction work, US companies can become involved in major infrastructure projects through supplying engineering services or developing partnerships with Tunisian construction companies. These types of partnerships have been successful in the past.

## **Resources**

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Tunisian Government (Ministère du Transport - Ministry of Transportation)

[www.ministeres.tn](http://www.ministeres.tn)

OMMP (National Ports Office)

[www.ommp.nat.tn](http://www.ommp.nat.tn)



## **Pollution Control Equipment**

### **Overview**

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US exporters of these products and services face stiff competition from European competitors, which often provide attractive government-backed financing. Local representatives of European companies repeatedly remark on the lack of aggressiveness shown by US companies in a field where they could have a much bigger share of the market.

### **Opportunities**

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The market for all types of equipment for environmental protection and pollution control has enormous potential. Anticipated tenders for landfill, construction and management projects, coastal pollution projects and waste water treatment all offer good opportunities for US technology.

### **Resources**

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ANPE (National Agency of Environment Protection) [www.anpe.nat.tn/fr/links.asp](http://www.anpe.nat.tn/fr/links.asp)

## Cereals and Feed Grains

Tunisia remains a significant market for wheat and coarse grains (corn and barley), particularly during drought years when the domestic rain-fed cereal output can be greatly reduced. According to INS (Institut National de la Statistique), during CY 2007, aggregate cereal imports reached 2.9 million tons valued at nearly \$750 million. In addition, the country relies totally on imports to meet the livestock's sector demand for protein meals. Nearly 260,000 tons of soybean meal, worth about \$80 million, were imported during CY 2007 to cover the needs of the Tunisian poultry sector and, to a lesser extent, the dairy sector. The U.S. wheat market share is highly volatile. It can reach 10 to 15 percent and then vanish the following year, as a result of ever-shifting market conditions, including the availability of cheaper wheat from the Black Sea region and/or subsidized wheat from the EU. Conversely, the United States has been and continues to be the leading supplier of corn, traditionally capturing a market share of over 70%.

## Grain Silos/Elevators, Agricultural Equipment

- There is a sizable market for agricultural equipment in Tunisia. In addition to a steady demand for grain silos, a recent government decision to subsidize acquisition of tractors and combine harvesters up to 25% is likely to further spur demand for farm equipment. These represent good opportunities for US suppliers.

The Office of Agricultural Affairs (OAA) of the US Embassy in Tunis, Tunisia, is one of the overseas representatives of the Foreign Agricultural Service (FAS) (<http://www.fas.usda.gov>), an agency of the US Department of Agriculture (USDA) (<http://www.usda.gov>)

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## Chapter 5: Trade Regulations and Standards

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- [U.S. Export Controls](#)
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### Import Tariffs

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Imports can be subject to tariff rates over 200%. Goods are also subject to a customs formality fee, currently amounting to 3% of the total duties paid on the import. Certain imports are also liable to a value added tax (VAT). Tunisia's basic VAT rates are 18%, 12% and 6%, with the majority of goods covered by the 18% rate. Recent changes in the calculation of the VAT tax base have resulted in slightly higher rates for some consumer goods that were previously taxed at 29%. Tunisia calculates VAT on the base price of the goods plus any import duties, surcharges, and consumption taxes. A consumption tax is applicable to certain imported and similar locally produced items. Rates can vary from 10% to as high as 700%. The highest rates are applicable to luxury items such as champagne.

Automobiles with large engine capacity also carry a high consumption tax, with rates rising to over 250%, but the GOT has reduced this to 100% on gasoline fueled vehicles and to 125% for diesel vehicles if they are imported via an authorized distributor. Luxury cars currently enter Tunisian through a variety of unofficial routes and are available for sale at well below the official distributors' prices. The tax reduction is intended to make the prices of "officially" imported automobiles more competitive.

### Trade Barriers

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Tunisia is a founding member of the World Trade Organization (WTO). While maintaining restrictions on designated strategic sectors by requiring prior authorization, the Tunisian government has pursued a program of liberalizing imports.

- Approximately 97% of imports do not require prior authorization.

Tunisia still has non-tariff barriers, such as import licenses or quotas on certain products. These particularly apply to consumer goods that compete against locally-produced

equivalents manufactured by developing industries or to products for which there is no domestic production to satisfy consumer demand. The major categories affected by import restrictions are motor vehicles, in particular passenger cars, and pharmaceuticals. Automobile distributors officially representing foreign manufacturers are granted allotments of the annually-set national quota for the import of small-engine cars. These allotments are based to some extent on the amount of Tunisian-produced automobile components utilized in the foreign manufacturer's automobile designs. Importers have to request an allotment from the Government of Tunisia in order to receive an import license. This quota system is only for small engine cars; however, in general, individual Tunisian consumers may not import foreign vehicles privately, due to strict foreign exchange controls.

Working within the letter of WTO requirements, Tunisia vigorously protects its domestic pharmaceutical industry. Several multinationals have complained about the "correlation" system under which, upon request from a Tunisian pharmaceuticals manufacturer, the importation of a foreign drug similar to the one produced locally can be banned. The Government of Tunisia issued a circular ending "correlation" effective December 31, 2006. However, this circular is not retroactive; therefore pharmaceutical products on the correlation list prior to December 31, 2006 still cannot be imported.

Inconsistent procedures within the Tunisian customs administration can also be a major obstacle for importers. Importers have experienced extended delays in customs clearance due to legally required, but not uniformly invoked, technical and quality control investigations on various items. Government use of non-tariff barriers has sometimes led to the delay or rejection of goods shipped to Tunisia. However, this is not common practice and is not aimed specifically at goods imported from the United States.

Agricultural products are generally assessed with high import duties and in some cases face other import barriers like quotas. Tunisia often gives preferential tariff rates to agricultural products originating in Arab and North African nations.

## **Import Requirements and Documentation**

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Tunisian law prohibits the export of foreign currency from Tunisia as payment for imports prior to the presentation to the bank of certain documents which serve to confirm that the merchandise has arrived in the country. Usually Tunisian customs authority documents serve this purpose. Importers obtain hard currency for payment by presenting the documents to their commercial bank.

- To ensure payment, US exporters have used confirmed, irrevocable letters of credit and letters of credit authorizing "payment against documents" in past transactions.

Other than applicable import license requirements, no specific documentation is required.

## **U.S. Export Controls**

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Relatively few exports require an export license. Licenses are required in certain situations involving national security, foreign policy, short-supply, nuclear nonproliferation, missile technology, chemical and biological weapons, regional stability, crime control, or terrorist concerns. License requirements are dependent upon an item's technical characteristics, the destination, the end-use, the end-user, and other activities of the end-user, as well as the likelihood that an item will be diverted from its original shipment location or purpose and transshipped to another, unrecorded location. It is the responsibility of the company seeking to do business in Tunisia to determine whether or not an export license is necessary for its product or service. The Department of Commerce Bureau of Industry and Security provides guidance at: <http://www.export.gov/exportcontrols.html>

### **Temporary Entry**

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Offshore enterprises are allowed temporary entry of goods and equipment. Goods are allowed limited duty-free entry into Tunisia for transformation and re-exportation. Factories set up under this scheme are considered bonded warehouses and have their own assigned customs personnel.

- Goods may also be granted temporary duty-free entry for use in trade shows, but the establishment of adequate prior documentation is vital. Otherwise, customs duties may be payable on promotional material of no commercial value.

### **Labeling and Marking Requirements**

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The Consumer Protection Law No. 92-117 of 1992 established standard labeling and marking requirements. However, these regulations are not always fully enforced for locally made items produced for the domestic market. The labeling of items produced for export must meet international standards.

### **Prohibited and Restricted Imports**

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Imports of explosives, military, and security-related equipment are tightly controlled and are only allowed under license. Narcotics and pornographic items are strictly forbidden.

### **Customs Regulations and Contact Information**

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The Tunisian customs authority's website does not provide tariff data. This information is available only to various categories of professionals, including freight companies, who are linked to a specialized Intranet known as SINDA. The customs authority's website indicates how to access this system.

A hard copy of tariff and other customs fees is contained in the Custom Clearance Manual (Nomenclature de Dedouanement des Produits).

Tunisia's customs authorities can be contacted as follows:

Direction Générale des Douanes  
5 Rue Ichbilila  
Tunis – Tunisia  
Tel: (216) 71-353-685  
Fax: (216) 71-353-257  
<http://www.douane.gov.tn>

## Standards

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- [Product Certification](#)
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## Overview

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Tunisian consumers are gradually becoming aware of their right to expect that the goods they purchase meet certain standards, such as safety.

- Products available on the flourishing parallel market in Tunisia often do not meet acceptable safety standards.

## Standards Organizations

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Tunisia is currently embracing ISO 9001/9002 standards. The National Institute for Standardization and Industrial Property (INNORPI) is responsible for establishing national standards and has instituted ISO 14000 certification procedures. Many firms in the industrial sector have already achieved ISO 9001 or 9002 certification. Tunisian consumers are gradually becoming aware of their right to certain standards.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## Conformity Assessment

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INNORPI is responsible for coordinating the creation of norms and standards related to certification and information, as well as the program of development of technical norms, certification of products quality, and management of national trademarks for conformity.

### **Product Certification**

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INNORPI is responsible for the certification of the quality of products.

### **Accreditation**

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INNORPI is responsible for accreditation.

### **Publication of Technical Regulations**

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INNORPI is responsible for coordinating the creation of norms and standards and information relating to these, as well as the general program of development of technical regulation.

### **Labeling and Marking**

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The Consumer Protection Law No. 92-117 of 1992 established standard labeling and marking requirements. However, these regulations are not always fully enforced for locally-made items produced for the domestic market. The labeling of items produced for export must meet international standards.

### **Contacts**

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Institut National de la Normalisation et de la Propriété Industrielle  
INNORPI  
Headquarters in Tunis : Rue 8451 n° 8 par la rue Alain Savary,  
BP 57 – Cité El Khadra – 1003 Tunis – Tunisia  
Tel. : +216 71 806 758 / Fax : +216 71 807 071  
Email : [innorpi@planet.tn](mailto:innorpi@planet.tn)

Sfax Regional Center: 1, rue Bejaya 3000 Sfax - Tunisia  
Tel: +216 74 298 223 / Fax : +216 74 211 356

### **Trade Agreements**

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Tunisia is a member of the Arab Maghreb Union (UMA) consisting of Tunisia, Algeria, Morocco, Mauritania, and Libya, a political/economic grouping across North Africa. The UMA nominally allows duty-free trade among members, although barriers to trade remain.

Tunisia's most effective free trade agreement has come via its Association Agreement with the EU, which grants preferential access for most Tunisian exports, except certain textile and agricultural products. Likewise, most European products enjoy preferential access to Tunisia. Tunisia formally ratified its Association Agreement with the EU in June 1996. The free trade zone with EU was effectively implemented in January 2008

after a gradual lowering of tariffs to zero over the last 12-year period. Tunisia received assistance from the EU for its local industries during the transitional period. The Agadir Agreement, a framework for a free trade agreement with Egypt, Jordan, and Morocco signed in February 2004, was effectively implemented in March 2007. This agreement will create a potential market of over 100 million people. Tunisia is also a signatory to several bilateral trade agreements.

## Web Resources

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Tunisian Government (Ministère du commerce et de l'Artisanat -  
Ministry of Commerce)

[www.ministeres.tn](http://www.ministeres.tn)

European Union

<http://europa.eu.int>

INS (Institut National de la Statistique

National Statistics Institute)

[www.ins.nat.tn](http://www.ins.nat.tn)

INNORPI (Institut National de la Normalisation et de la Propriété Industrielle -

National Institute for Standardization and Industrial Property)

[www.inorpi.ind.tn](http://www.inorpi.ind.tn)

JORT (Journal Officiel de la République Tunisienne - Official Journal of the  
Republic of Tunisia)

[www.cnudst.rnrt.tn/index26e1.html](http://www.cnudst.rnrt.tn/index26e1.html)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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The Tunisian government actively encourages foreign direct investment (FDI) and has made attracting FDI a top priority. The government encourages export-oriented FDI and screens potential FDI to minimize the impact of the investment on domestic competitors and employment.

Foreign investment in Tunisia is regulated by the Investment Code Law No. 93-120, dating from December 1993. It covers investment in all major sectors of economic activity except mining, energy, the financial sector and domestic trade.

The Tunisian Investment Code divides potential investments into two categories:

- Offshore, in which foreign capital accounts for at least 66 percent of equity and at least 80 percent of production is destined for the export market, and
- On-shore, in which foreign equity is limited to 49 percent in most non-industrial projects. (On-shore industrial investment can have up to 100 percent foreign equity).

The legislation contains two major hurdles for potential FDI:

- Foreign investors are denied national treatment in the agriculture sector. Foreign ownership of agricultural land is prohibited, although land can be secured through long-term (up to 40 years) lease. However, the government actively promotes foreign investment in agricultural export projects.

- For onshore companies outside the tourism sector, government authorization is required if the foreign capital share exceeds 49 percent and can be difficult to acquire.

Investment in manufacturing industries, agriculture, agribusiness, public works, and certain services requires only a simple declaration of intent to invest. Other sectors can require a series of Government of Tunisia authorizations.

The Government of Tunisia allows foreign participation in its privatization program and a significant share of Tunisia's FDI in recent years has come from the privatization of state-owned or state-controlled enterprises. Privatizations have occurred in telecommunications, banking, manufacturing, and petroleum distribution, among others. In 2006, TECOM Investments and Dubai Investment Group (DIG) purchased a 35 percent stake, valued at US \$2.25 billion, in state-owned Tunisie Telecom. Major FDI has also entered the financial sector via the partial privatization of the UIB (Union Internationale de Banques) in 2002 and the privatization of Banque du Sud, since renamed Attijari Bank, in late 2005.

There is no evidence of consistent discrimination against foreign investors either at the time of initial investment or at a later stage. Tunisia's investment promotion authorities have established a system of regulations that has received favorable feedback from the US companies it has assisted. A US investor in electricity production successfully lobbied for a change in Government of Tunisia legislation which permitted the investment to proceed. Another US investor received Government of Tunisia support in a dispute over the application of Investment Code incentives. A major "greenfield" investment in manufacturing has been completed and is operational. The US investor has warmly praised the Foreign Investment Promotion Authority (FIPA) for its continuing support from the outset of the project.

Nevertheless, there are difficulties, particularly when US companies have attempted to launch projects in sectors in which the Government of Tunisia does not actively promote. Until recently the Government discouraged foreign investment in service sectors such as restaurants, real estate, and retail distribution, but there are signs of relaxation of this policy. In particular, FDI in retail distribution is expanding rapidly. French multinational retail chain Carrefour opened its first store in 2001, followed by the entry of French retail company Géant in 2005. There has also been significant Persian Gulf investment in the real estate sector. Currently, Tunisian law does not authorize franchising as the rule but it tolerates, on a case by case basis, labor intensive franchising projects that could create new jobs. The Government of Tunisia has announced it is drafting an amendment to its law on distribution, which could ease restrictions on franchise operations.

FDI in certain state monopoly activities (electricity, water, postal services) can be carried out following establishment of a concession agreement. There are also certain restrictions on trade activities. With few exceptions, domestic trading can only be carried out by a company set up under Tunisian law, in which the majority of the share capital is held by Tunisians and management is Tunisian. An additional barrier to non-EU investment results from Tunisia's Association Agreement with the European Union. The EU is providing significant funding to Tunisia for major investment projects, but clauses

in the agreement prohibit non-EU member countries from participation in many EU-funded projects.

In June, the Ministry of Development and International Cooperation and the Foreign Investment Promotion Agency (FIPA) Tunisia holds an annual investment promotion event, the Carthage Investment Forum, to introduce the Tunisian investment environment and its business opportunities to global investors.

## **Conversion and Transfer Policies**

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The Tunisian dinar is not a fully convertible currency, and it is illegal to take dinars in or out of the country. Although it is convertible for current account transactions (i.e. most bona fide trade and investment operations), Central Bank authorization is needed for some foreign exchange operations. The Government of Tunisia predicts full convertibility of the dinar is not likely before 2009.

Nonresidents are exempt from most exchange regulations. Under foreign currency regulations, nonresident companies are defined as having:

- Nonresident individuals who own at least 66 percent of the capital, and
- Capital financed by imported foreign currency.

Foreign investors may transfer returns on direct or portfolio investments at any time and without prior authorization. This applies to both principal and capital in the form of dividends or interest. US companies have generally praised the speed of transfers from Tunisia, but lamented that long delays may occur in some operations.

There is no limit to the amount of foreign currency that visitors can bring into Tunisia and exchange for Tunisian dinars. Amounts exceeding the equivalent of 25,000 Tunisian dinars (approximately US \$19,200) must be declared at the port of entry. Non-residents must also report foreign currency imports if they wish to re-export or deposit more than 5,000 Tunisian dinars (roughly US \$4,000). Tunisian customs authorities may require production of currency exchange receipts on exit.

The dinar is traded on an intra-bank market. Trading operates around a managed float established by the Central Bank (based upon a basket of the Euro, the US dollar and the Japanese yen). The dollar/dinar value fluctuates on a daily basis, with the dollar trading most recently (January 2008) at approximately 1.2 TND. In 2007, the TND appreciated roughly 5 percent against the US dollar and depreciated 3.8 percent against the Euro.

## **Expropriation and Compensation**

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The Tunisian government has the right to expropriate property by eminent domain; there is no evidence of consistent discrimination against US and foreign companies or individuals. There are no outstanding expropriation cases involving US interests and such cases are rare. No policy changes on expropriation are anticipated in the coming year.

## **Dispute Settlement**

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There is no pattern of significant investment disputes or discrimination involving US or other foreign investors. However, to avoid misunderstandings, contracts for trade and investment projects should always contain a clause detailing how eventual disputes should be handled and the applicable jurisdiction. Tunisia is a member of the International Center for the Settlement of Investment Disputes and is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

The Tunisian legal system is based upon the French Napoleonic code. There are adequate means to enforce property and contractual rights. Although the Tunisian constitution guarantees the independence of the judiciary, the judiciary is not fully independent of the executive branch. Local legal experts assert that courts are susceptible to political pressure.

The Tunisian Code of Civil and Commercial Procedures does allow for the enforcement of foreign court decisions under certain circumstances. Commercial disputes involving US firms are relatively rare. In cases where disputes have occurred, US firms have generally been successful in seeking redress through the Tunisian judicial system.

#### **Performance Requirements and Incentives**

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Performance requirements are generally limited to investment in the petroleum sector or in the newer area of private sector infrastructure development. These requirements tend to be specific to the concession or operating agreement (e.g., drilling a certain number of wells or producing a certain amount of electricity). More broadly, the preferential status (offshore, free trade zone) conferred upon some investments is linked to both percentage of foreign corporate ownership and limits on production for the domestic market.

The Tunisian Investment Code and subsequent amendments provide a broad range of incentives for foreign investors, which include tax relief on reinvested revenues and profits, limitations on the value-added tax on many imported capital goods, and optional depreciation schedules for production equipment.

In order to encourage employment of new university graduates, the government will bear the full cost of the employee's salary for the first two years of employment, and then a portion of the salary for the next five years. The government will also pay initial training costs for new graduates.

Large investments with high job creation potential may benefit, under certain conditions determined by the Higher Commission on Investment, from the use of state-owned land for a symbolic Tunisian dinar (less than one US dollar). Investors who purchase companies in financial difficulty may also benefit from certain clauses of the Investment Code; these advantages are determined on a case-by-case basis.

Additional incentives are available to promote investment in designated regional investment zones in economically depressed areas of the country, and throughout the country in the following sectors: health, education, training, transportation, environmental protection, waste treatment, and research and development in technological fields.

Further benefits are available for investments of a specific nature. For example, companies producing at least 80 percent for the export market receive tax exemptions on profits and reinvested revenues, duty-free import of capital goods with no local equivalents, and full tax and duty exemption on raw materials and semi-finished goods and services necessary for the business.

Foreign companies resident in Tunisia face a number of restrictions related to the employment and compensation of expatriate employees. Tunisian law limits the number of expatriate employees allowed per company to four. There are lengthy renewal procedures for annual work and residence permits. Although rarely enforced, legislation limits expatriate work permit validity to a total of two years. Central Bank regulations impose administrative burdens on companies seeking to pay for temporary expatriate technical assistance from local revenue. For example, a foreign resident company that has brought in an accountant would have to document that the service was necessary, fairly valued, and unavailable in Tunisia before it could receive authorization to transfer payment from its operations in Tunisia. This regulation prevents a foreign resident company from paying for services performed abroad.

Foreign investments and above a certain ceiling require special authorization. The annual ceiling for foreign investments (without special authorization) is currently one million TND (about US \$780,500) or three million TND (about US \$2.34 million) for exporting companies. According to the recently announced measures, companies registered domestically will no longer need permission to increase their capital and non-residents will be allowed to freely manage their corporate accounts.

For US passport holders, a visa is not necessary for stays of up to four months; however, a residence permit is required for longer stays.

## **Right to Private Ownership and Establishment**

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Tunisian government actions clearly demonstrate a strong preference for offshore, export-oriented FDI. Investors in that category are generally free to establish and own business enterprises and engage in most forms of remunerative activity. Investment which competes with Tunisian firms or on the Tunisian market or which is seen as leading to a net outflow of foreign exchange may be discouraged or blocked.

Acquisition and disposal of business enterprises can be complicated under Tunisian law and depend on the nature of the contract specific to the proposed transaction.

Disposal of a business investment leading to reductions in the labor force may be challenged or subjected to substantial employee compensation requirements. Acquisition of an on-shore company may require special authority from the Government if it is an industry subject to limits on foreign equity shareholding (such as in the services sector).

## **Protection of Property Rights**

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Secured interests in property are both recognized and enforced in Tunisia. Mortgages and liens are in common use. Tunisia is a member of the World Intellectual Property Organization (WIPO) and has signed the United Nations (UNCTAD) Agreement on the Protection of Patents and Trademarks. The agency responsible for patents and trademarks is the National Institute for Standardization and Industrial Property (INNORPI - Institut National de la Normalisation et de la Propriete Industrielle). Foreign patents and trademarks should be registered with INNORPI.

Tunisia's patent and trademark laws are designed to protect only owners duly registered in Tunisia. In the area of patents, US businesses are guaranteed treatment equal to that afforded to Tunisian nationals. Tunisia updated its legislation to meet the requirements of the WTO agreement on Trade-Related aspects of Intellectual Property (TRIPS). Copyright protection is the responsibility of the Tunisian Copyright Protection Organization (OTPD - Organisme Tunisien de Protection des Droits d'Auteur), which also represents foreign copyright organizations. New legislation now permits customs officials to inspect and seize goods if copyright violation is suspected.

Tunisian Copyright Law (No. 36/1994) has been updated to cover new technologies, but its application and enforcement have not always been consistent with foreign commercial expectations. Print audio and video media are considered particularly susceptible to copyright infringement, and there is evidence of significant retail sale of illegal products in these media. Illegal copying of software/CDs/DVDs is widespread.

Although the concept and application of intellectual property protection is still in the early stages, the Government is making an effort to build awareness and has increased its enforcement efforts in this area. These efforts have led a major supermarket chain to halt the sale of pirated audio and video goods. A US government-backed initiative, operated by the Department of Commerce in conjunction with United States Patent and Trademark Office (USPTO) provides training for Tunisian officials in the field of IPR regulation enforcement. The Government of Tunisia has announced that new IPR legislation is being drafted which will improve enforcement capabilities and strengthen punishment for offenders.

## **Transparency of Regulatory System**

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The Tunisian government has adopted policies designed to promote foreign investment and to prepare Tunisian industry for free competition with foreign markets. Although the 1994 amendment to the Investment Code substantially improved, standardized, and codified incentives for foreign investors, some aspects of existing tax and labor laws remain impediments to efficient business operations.

Bureaucratic procedures, while slowly improving in some areas, are cumbersome and time-consuming. Foreign employee work permits, commercial operating license renewals, infrastructure-related services, and customs clearance for imported goods are usually cited as the lengthiest and most opaque procedures in the local business environment. Investors have commented on inconsistencies in the application of regulations. These cumbersome procedures are not limited to foreign investment and also affect the domestic business sector.

The mobilization and allocation of investment capital are still hampered by the underdeveloped nature of the local financial system. Tunisia's financial markets only finance roughly 8 percent of Tunisia's economy. Tunisia's stock market has begun to attract more investment in the past several years, but the number of companies listed remains low at just 50. In 2007, the stock market's benchmark index, Tunindex, gained 20 percent after gaining 44 percent in 2006. Capital controls are still in place. Foreign investors are permitted to purchase shares in resident firms (through authorized brokers) or to purchase indirect investments through established mutual funds.

The banking system is considered generally sound and is improving as the Central Bank has begun to enforce adherence to international norms for reserves and debt. Recent measures include actions to strengthen the reliability of financial statements, enhance bank credit risk management, and improve creditors' rights. Revisions to banking laws tightened the rules on investments and bank licensing, and increased the minimum capital requirement. The required minimum risk-weighted capital/asset ratio has been raised to 8 percent, consistent with the Basel Committee capital adequacy recommendations. Despite the strict new requirements, many banks still have substantial amounts of non-performing or delinquent debt in their portfolios. The Government has established debt recovery entities (*sociétés de recouvrement de créances*) to buy the non- or under-performing debt of commercial banks. There is no public information available on the success of this measure.

In recent years, the government has undertaken a number of banking privatizations and consolidations. Even after recent privatizations, the government is the controlling shareholder in 10 of the 20 banks. The estimated total assets of the country's five largest banks are about US \$10 billion. Foreign participation in their capital has risen significantly and is now well over 20 percent.

Credit is available locally to foreign investors, but some industry observers assert that there exists a well-established collusion among the principal banks to set common interest rates.

In the last five years regulatory and accounting systems have been brought more in line with required international standards. Most of the major global accounting firms are represented in Tunisia. Tunisian firms quoted on the stock exchange are required to publish semiannual corporate reports audited by a certified public accountant.

Tunisia is a stable country and incidents involving politically-motivated damage to economic projects or infrastructure are extremely rare. In April 2002, al-Qaeda took responsibility for an attack at the synagogue on the island of Djerba that claimed 20 victims, 14 of them German tourists. This resulted in a significant reduction in the number of European visitors in the immediate aftermath of the attack, but the sector has



now recovered. In December 2006 and January 2007, Tunisian security forces disrupted a terrorist group, killing or capturing many individuals who reportedly planned to carry out acts of violence in Tunisia. The US Embassy in Tunis was reportedly among the group's intended targets.

## **Corruption**

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Tunisia's penal code devotes 11 articles to defining and classifying corruption and to assigning corresponding penalties (including fines and imprisonment). Several other legal texts also address broader concepts of corruption including violations of the commercial or labor codes, which range from speculative financial practices to giving or accepting bribes. Detailed information on the application of these laws or their effectiveness in combating corruption is not publicly available. There are no statistics specific to corruption. The Tunisian Ministry of Commerce publishes information on cases involving the infringement of the commercial code, but these incidents range from non-conforming labeling procedures to price/supply speculation. The print media report abuses of fiduciary authority by public officials only on rare occasions. Anecdotal reports from the Tunisian business community and US businesses with regional experience suggest that corruption exists, but is not as pervasive as that found in neighboring countries. After several years of steady improvement, Tunisia's ranking on Transparency International's (TI) Corruption Index has dropped from 43 in 2005 to 61 (out of 179 countries) in 2007 with a score of 4.2. According to the TI Corruption Index scale, a score of ten indicates extremely little corruption and a score of zero very serious corruption.

Most US firms involved in the Tunisian market have not identified corruption as a primary obstacle to foreign direct investment. Some potential investors have asserted that unfair practices and corruption among prospective local partners have delayed or blocked specific investment proposals, or there has been an appearance that cronyism or influence peddling has affected some investment decisions.

The government's recent efforts to combat corruption have concentrated upon ensuring that price controls are respected, enhancing commercial competition in the domestic market, and harmonizing Tunisian laws with those of the European Union. The public sector is governed by a comprehensive 1989 law designed to regulate each phase of public procurement and established the Higher Market Commission (CSM - Commission Supérieure des Marchés) to supervise the tender and award of major government contracts. The government publicly supports a policy of transparency and has called for it in the conduct of privatization operations. Public tenders require bidders to provide a sworn statement that they have not and will not, either themselves or through a third party, make any promises or give gifts with a view to influencing the outcome of the tender and realization of the project. Pursuant to the US Foreign Corrupt Practices Act (FCPA), the US government requires that American companies requesting US government advocacy support with foreign governments sign an undertaking not to participate in corrupt practices.

## **Bilateral Investment Agreements**

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A Trade and Investment Framework Agreement (TIFA) between Tunisia and the United States was signed in 2002 and two TIFA Council meetings have taken place. A Bilateral Investment Treaty between Tunisia and the United States took effect in 1991. A 1985 treaty (and 1989 protocol) guarantees US firms freedom from double taxation.

Tunisia has concluded bilateral trade agreements with approximately 60 countries. In January 2008, Tunisia's Association Agreement with the EU went into effect eliminating tariffs on industrial goods with the eventual goal of creating a free trade zone between Tunisia and the EU member states. In addition, Tunisia is signatory of the multilateral agreements with the Multilateral Investment Guarantee Agency (MIGA). Tunisia has signed the Agreement on WTO, bilateral agreements with the Member States of the European Free Trade Association (EFTA), bilateral and multilateral agreements with Arab League members, and a bilateral agreement with Turkey.

### **OPIC and Other Investment Insurance Programs**

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OPIC is active in the Tunisian market and provides political risk insurance and other services to a variety of US companies. OPIC supports private US investment in Tunisia and has sponsored several reciprocal investment missions. The 1963 OPIC agreement with Tunisia was revised and signed in February 2004.

### **Labor**

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Tunisian labor is readily available. Tunisia has a labor force of approximately 3.5 million and a national literacy rate of about 75 percent. About 90 percent of the work force under 35 is literate. The official unemployment rate is under 14 percent (although this is considerably higher in some regions). The figure does not include many who are underemployed.

Nearly 80,000 new jobs must be created each year to keep unemployment at current levels, while sustained annual GDP growth of about 7 percent would be required in order to make significant inroads into the chronic unemployment figure. The structure of the workforce has remained stable over the past 20 years (19 percent agriculture, 32 percent industry, and 49 percent commerce and services).

The right to form a labor union is protected by law. There is only one national labor confederation, the General Union of Tunisian Workers (UGTT - Union General des Travailleurs Tunisiens). The UGTT claims about one third of the labor force as members, although more are covered by UGTT-negotiated contracts. Wages and working conditions are established through triennial collective bargaining agreements between the UGTT, the national employers' association (UTICA - Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat), and the Government of Tunisia. These agreements set industry standards and generally apply to about 80 percent of the private sector labor force, whether or not individual companies are unionized. The most recent wage agreements were completed in 2006 and are valid through 2008. The official minimum monthly wage in the industrial sector is 208 TND (about US \$173) for a 40 hour week and 240 TND (about US \$200) for a 48 hour week.

## Foreign Trade Zones/Free Trade Zones

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Tunisia has two free trade zones, one in the north at Bizerte, and the other in the south at Zarzis. The land is state owned, but the respective zones are managed by a private company. Companies established in the free trade zones, officially known as “Parcs d’Activités Economiques,” are exempt from most taxes and customs duties and benefit from special tax rates. Goods are allowed limited duty-free entry into Tunisia for transformation and re-export. Factories are considered bonded warehouses and have their own assigned customs personnel.

However, companies do not necessarily have to be located in one of the two designated free trade zones to operate with this type of business structure. In fact, the majority of offshore enterprises are situated in various parts of the country. Regulations are strict, and operators must comply with the 1993 Investment Code.

## Foreign Direct Investment Statistics

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Total FDI in Tunisia is estimated at about US \$19 billion. It has contributed to the creation of over 2,765 companies and approximately 268,000 jobs. Foreign investment in manufacturing industries producing for export has long been the major generator of jobs in Tunisia and has a large share of FDI. In recent years, however, FDI in real estate, infrastructure, and the energy sector has been significant and growing. In 2006, FDI totaled about US \$1.1 billion or US \$3.5 billion including the receipts from the partial privatization of state-owned Tunisie Telecom.

Tunisia’s largest single foreign investor is British Gas, which has developed the Miskar offshore gas field (US \$650 million) and is investing a further US \$500 million for new development. Major foreign presence in other key sectors include telecommunications and electronics (Lucent, Alcatel, Ericsson, Siemens, Sony, Philips, Thomson, Huawei, ZTE), the automotive industry (Lear Corporation, Isuzu, Pirelli, Fiat, Idec), and food products (Nestle, Danone, Chambourcy).

Major US company presence in Tunisia includes: Citibank, Coca-Cola, Crown Can, Eurocast (a joint venture with Palmer), Ford, General Motors, Hewlett Packard, Johnson Controls, Lear Corporation, Merck, Microsoft, Pfizer, Sara Lee (represented in Tunisia under the name of Essel Tunisie / DBA), Stream, and Sylvania. EVOL, originally part of an Italian-owned group producing safety footwear for the export market, was recently purchased by US investors and, with a staff of 4,000, is now the largest US employer in Tunisia. In 2007, Pioneer Natural Resources expanded oil and gas drilling operations in Tunisia, bringing its total investments in Tunisia to roughly US \$165 million.

## Web Resources

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Foreign Investment Promotion Agency (FIPA)  
Central Bank of Tunisia  
General Information about Tunisia  
Tunisian Industrial Promotion Agency  
Bizerte Free Zone

[www.investintunisia.com](http://www.investintunisia.com)  
[www.bct.gov.tn](http://www.bct.gov.tn)  
[www.tunisie.com](http://www.tunisie.com)  
[www.tunisieindustrie.nat.tn](http://www.tunisieindustrie.nat.tn)  
[www.bizertaeconomicpark.com.tn](http://www.bizertaeconomicpark.com.tn)

Zarzis Free Zone  
Tunisian Bourse (Stock Exchange)  
Privatization  
National Statistic Institute (INS)

[www.zfzarzis.com.tn](http://www.zfzarzis.com.tn)  
[www.bvmt.com.tn](http://www.bvmt.com.tn)  
[www.privatisation.gov.tn](http://www.privatisation.gov.tn)  
[www.ins.nat.tn](http://www.ins.nat.tn)

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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### How Do I Get Paid (Methods of Payment)

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Tunisian law strictly prohibits the export of currency from Tunisia as payment for imports prior to the presentation of certain documents establishing that the merchandise has arrived in Tunisia.

US exporters have successfully used confirmed, irrevocable letters of credit and letters of credit authorizing "payment against documents" in past transactions.

### How Does the Banking System Operate

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The Tunisian banking system is a mixture of private and state-owned institutions offering varying types of financial instruments and services. Banks are strictly regulated by the Central Bank of Tunisia, which in recent years has increasingly insisted upon prudential norms for bank reserves and balance sheets, in compliance with international standards. The following banks - Société Tunisienne de Banque (STB), Banque National Agricole (BNA), Banque de l'Habitat (BH), Banque International Arabe de Tunisie (BIAT) and Amen Bank - account for about 70% of total banking assets and approximately 60% of banking system loans. All are carrying on restructuring programs; key challenges they face include a continued reduction in non-performing loan ratios, implementation of tighter credit risk controls and enhanced recovery procedures, and upgrading seriously under-developed IT applications.

Over the past ten years, the overall level of non-performing bank portfolios has been reduced from nearly 40% to around 21%. These rates are far higher than US banking regulations would allow, but show continued progress in reducing the level of non-performing loans. Loan loss provisions continue to absorb a large part of pre-provision operating profits.

- Tunisian commitments under the WTO and the EU Association Agreement to begin liberalizing its banking sector should result in more stringent enforcement of reform measures over the coming years.

### Foreign-Exchange Controls

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The Tunisian dinar is convertible for current account transactions. Companies or individuals engaging in foreign trade can apply to the Central Bank for a convertible currency account.

- Foreign investors may freely repatriate profits and proceeds from the sale of equity, but other transfers may be subject to Central Bank authorization.
- Most trade-related transactions are conducted through letters of credit without difficulty.
- Royalty payments must be approved by relevant government ministries in consultation with the Central Bank on a case-by-case basis. Approval of royalty payments has been rare in recent years. Rates reflect the estimated value of the technology involved and the duration of the particular contract.

### **U.S. Banks and Local Correspondent Banks**

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Citibank, the only US bank operating in Tunisia, has both onshore and offshore branches, with offices in Sfax and Tunis.

- Most Tunisian banks maintain a correspondent bank relationship with one or more US banks. Several of them also work with Western Union for the transfer of funds into and out of Tunisia.

### **Project Financing**

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Financing is generally available. Tunisian banks are conservative and often reluctant to deal with newer firms, but it is rare for an enterprise to fail due to lack of financing. Bankers have described the Tunisian market as one where the supply of short-term commercial credit has exceeded demand.

- Financing from the Export-Import Bank of the United States (Ex-Im Bank) is available in Tunisia for US exporters. While lending has focused largely on transactions with state enterprises, Ex-Im Bank is seeking greater involvement with the private sector in Tunisia. US companies competing for government tenders are advised to work closely with the Embassy and Ex-Im Bank once evidence of a foreign competitor's ability to obtain concessionary financing becomes clear.
- Excellent financing terms offered by European suppliers remain an obstacle for US companies. However, Ex-Im Bank will strive to match concessionary financing from foreign competitors' governments.

The US Trade and Development Agency (TDA) has also assisted US firms seeking contracts in the Tunisian market. TDA's services in recent years have included feasibility study funding, conditional training grants, and trade development missions.

The World Bank (International Bank for Reconstruction and Development - IBRD) and African Development Bank (ADB) support a variety of projects in Tunisia. IBRD efforts are focused on several areas including the environment, the financial sector, privatization and industrial restructuring, the road network, dams and irrigation. ADB assistance includes major dam projects. The European Investment Bank (EIB) and the Japanese Economic Development Fund are both involved in financing a variety of major infrastructure projects and vocational training. The EIB also finances imports of European capital goods. US companies participate in World Bank-financed projects in Tunisia but are sometimes barred from participating in EU-funded projects.

## Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>  
Country Limitation Schedule [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)  
Overseas Private Investment Corporation (OPIC) <http://www.opic.gov>  
Trade and Development Agency <http://www.tda.gov/>  
Small Business Administration (SBA)'s Office of International Trade: <http://www.sba.gov/oit/>  
United States Department of Agriculture (USDA) Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/c/default.htm>  
U.S. Agency for International Development: <http://www.usaid.gov>  
African Development Bank <http://www.afdb.org>  
Central Bank of Tunisia [www.bct.gov.tn](http://www.bct.gov.tn)  
Association of Tunisian Banks <http://www.apbt.org.tn/>  
Citibank Tunis <http://www.citigroup.com/citigroup/global/tun.htm>

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## Chapter 8: Business Travel

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### Business Customs

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Tunisia is an open society that prides itself in being a bridge between the European and Arab worlds. Most Tunisian business practices closely resemble those in Europe.

- The official language in Tunisia is Arabic but French is widely spoken and serves as the common business language. Many Tunisians also speak English.
- The business environment is formal. Business suits are recommended.
- US business representatives should always have business cards available.
- Exchange of inexpensive gifts is common practice. US business representatives should not proffer high-value items.

### Travel Advisory

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See Tunisia's Country Specific Information web page  
[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1045.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1045.html)

### Visa Requirements

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US business travelers generally do not need a visa if they plan on staying in Tunisia less than four months. If a traveler wishes to live and work in Tunisia, they must present themselves at their local police station to obtain a residency card. They may then present the residency card to the Ministry of Social Affairs in order to obtain a work permit. The Ministry of Development and International Cooperation can help expedite the residency and/or work permit process for

foreign investors. By law, these permits are valid for only one year, renewable for one additional year upon application. In practice, this limitation is rarely enforced and expatriate residents routinely stay in Tunisia beyond the two-year maximum, renewing their permits annually.

Embassy Tunis is committed to facilitating valid business travel to the United States. Generally, travel that qualifies for a business (B-1) visa includes consultations with business associates; attendance at scientific, educational, professional or business conventions, or conferences on specific dates; contract negotiations or participation in short-term training. Applicants are encouraged to apply well in advance of intended travel. Embassy Tunis' website outlines the non-immigrant visa application process, and offers links to the required online forms and appointment system

Visa applicants should go to the following links.

Consular section US Embassy Tunis: <http://tunisia.usembassy.gov>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

## Telecommunications

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Access to high quality telecommunications services, particularly high-speed/high capacity data transmission and the Internet is becoming more widely available. Tunisia uses GSM cellular phone technology.

- International calling cards do not work in Tunisia.

Five private Internet Service Providers (ISPs) are licensed by the Government of Tunisia. Broadband connections have recently been made available to private customers. It is estimated that there are 1.7 million Internet users in Tunisia, but only about 235,000 actual Internet subscribers.

- ISPs can only access the internet via the state Tunisian Internet Agency (ATI). This agency can and does block access to numerous sites that it considers dangerous to national security, damaging to moral values or critical of the government. Blocked sites include pornography and incitements to extremism but also those of opposition political parties and international human rights groups as well as some major commercial sites such as YouTube.

Some users have been able to circumvent this type of filtering. The government's policies in this area appear to reflect an effort to balance its stated political and security concerns with the growing demand for Internet access and other new information technologies.

## Transportation

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Tunisia has a relatively well-developed infrastructure that includes six commercial seaports and seven international airports. Another international airport is in the construction stage at Enfidha. The principal airport in Tunisia is: Tunis-Carthage International Airport, situated 10 kilometers from the capital. There are six other international airports: Monastir-Habib Bourguiba, Djerba-Zarzis, Tozeur-Nefta, Sfax-Thyna, 7 Novembre-Tabarka, and Gafsa-Ksar.

Over 95% of Tunisian foreign trade is conducted by sea. Tunisia has a number of principal trading ports: Tunis-La Goulette, Sousse, Sfax, Gabes, Skhira, Bizerte, Rades and Zarzis. The port of Skhira specializes in the transport of petroleum. The ports of Bizerte and Zarzis, have free trade zones. A state enterprise called CTN (Compagnie Tunisienne de Navigation) is the main shipping company in Tunisia. The merchant marine and ports agency (Office de la Marine Marchande et des Ports - OMMP) oversees management of ports. The main container port at Rades/Tunis handles most incoming and outgoing sea-freight traffic. Sfax, Tunisia's second largest city and a large commercial center, can also handle a limited amount of container traffic.

The railway network is operated by the public sector company called Société Nationale des Chemins de Fer Tunisiens (SNCFT), and a light metro railway operator, Société de Transport de Tunis (TransTu). TransTu runs the public urban railway and bus transport system in the city of Tunis.

The road network is fairly well developed. Major highways have been constructed or are in the planning stages to link the major coastal population centers, southwards towards the Libyan border, and westwards from Tunis to the border with Algeria.

## Language

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The official language in Tunisia is Arabic, but French is widely spoken especially in business. Many Tunisians also speak English, Italian and/or German.

## Health

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Except when specialized care is required, most illnesses can be treated locally. Food standards are fair and the water in the coastal area is potable. For those who prefer bottled water, it is inexpensive and readily available.

## Local Time, Business Hours, and Holidays

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Tunisia is GMT+1. Daylight Savings Time (GMT +2) is in effect April to November.

Business hours are:

Government

Winter            Mon/Thurs      8:30    13:00

		15:00	17:45
	Friday	8:30	13:00
	Saturday	8:30	13:30
Summer (July/August)			
	Mon/Thurs	7:30	14:00
	Friday	7:30	13:00
	Saturday	7:30	14:00
Ramadan**			
	Mon/Thurs	8:00	14:00
	Friday	8:00	13:00
	Saturday	8:00	14:00
Private Sector* (including banks)			
Winter	Mon/Fri	8:00	12:00
		14:00	18:00
Summer (July/August)			
	Mon/Friday	7:00	13:00
Ramadan**			
	Mon/Fri	8:00	14:00

\* Many private companies are moving towards a shorter break in the middle of the day, with COB brought forward to 17:00

\*\* In 2008, Ramadan will be o/a September 1- September 30.

Major Tunisian secular holidays are as follows:

Tunisian Independence Day -	March 20
Tunisian Youth Day -	March 21
Martyr's Day -	April 9
Labor Day -	May 1
Republic Day -	July 25
Women's Day -	August 13
Anniversary of change of government -	November 7

The following religious holidays are also observed. Actual dates are based on the lunar calendar and vary from year to year.

Dates for 2008 are:

Ras El Am El Hijri (one day) o/a	January 9, 2008
Mouled (one day) o/a	March 20, 2008
Aid Esseghir (El-Fitr) (two days) o/a	October 1 and 2, 2008
Aid El Kebir (El-Idha) (two days) o/a	December 9 and 10, 2008
Ras El Am El Hijri (one day) o/a	December 29, 2008

\* o/a - on or about

## Temporary Entry of Materials and Personal Belongings

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Depending on the legal status of non-residents, temporary entry of materials and personal belongings may be permitted. Companies and individuals should verify

regulations applicable to their specific status before attempting to bring items into Tunisia.

## **Web Resources**

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Tunisian Government (Ministère du Transport - Ministry of Transportation)

[www.ministeres.tn](http://www.ministeres.tn)

Société de Transport de Tunis (TransTu) Tunis Transport Company [www.snt.com.tn](http://www.snt.com.tn)

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
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### Contacts

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US Embassy Tunis	<a href="http://tunis.usembassy.gov">http://tunis.usembassy.gov</a>
Tunisian – American Chamber of Commerce (TACC)	<a href="http://www.tacc.org.tn">http://www.tacc.org.tn</a>
Tunisian Government	<a href="http://www.ministeres.tn">www.ministeres.tn</a>
Central Bank of Tunisia	<a href="http://www.bct.gov.tn">www.bct.gov.tn</a>
FIPA (Foreign Investment Promotion Agency)	<a href="http://www.investintunisia.com">www.investintunisia.com</a>
Tunisian Industrial Promotion Agency	<a href="http://www.tunisieindustrie.nat.tn">www.tunisieindustrie.nat.tn</a>
CEPEX (Exports Promotion Center)	<a href="http://www.cepex.nat.tn">www.cepex.nat.tn</a>
INNORPI (Institut National de la Normalisation et de la Propriété Industrielle - National Institute for Standardization and Industrial Property)	<a href="http://www.inorpi.ind.tn">www.inorpi.ind.tn</a>
OACA (National Civil Aviation Agency)	<a href="http://www.oaca.nat.tn">www.oaca.nat.tn</a>
SNCFT (National Railway Company)	
<a href="http://www.sncft.com.tn/default.asp">www.sncft.com.tn/default.asp</a>	
OMMP (National Ports Office)	
<a href="http://www.ommp.nat.tn">www.ommp.nat.tn</a>	
APBT (Association Professionnelle Tunisienne des Banques et des Institutions Financières – Tunisia Bankers' Association)	<a href="http://www.apbt.org.tn">www.apbt.org.tn</a>
UTICA (Union Tunisienne de l'Industrie du Commerce et de l'Artisanat - Tunisian Association of Industrialists and Traders)	<a href="http://www.utica.org.tn">www.utica.org.tn</a>
European Union (EU)	<a href="http://europa.eu.int">http://europa.eu.int</a>
IACE (Institut Arabe des Chefs d'Entreprise – Arab Institute of Heads of Companies)	<a href="http://www.iace.org.tn">www.iace.org.tn</a>

### Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports. Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

### Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Trade Shows in Tunisia	<a href="http://www.biztradeshows.com/tunisia/">http://www.biztradeshows.com/tunisia/</a>
Tunis International Fair	<a href="http://www.fkram.com.tn/">http://www.fkram.com.tn/</a>
Sfax Fair	<a href="http://www.foire-sfax.com/">http://www.foire-sfax.com/</a>

Miscellaneous fairs  
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<http://www.sogefoires.com.tn/>

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<https://www.buyusa.gov/tunisia/en/>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.